

VALUE CREATION IN SMART ENTREPRENEURSHIP

Why we are here today / Exceptions

- ❖ Even moving business vision usually is followed either by uncertainty and skepticism, or strong emotional feeling. The need of critical and constructive review and evaluation of the idea is a next step to create and ground a value of the business.
- ❖ Critical thinking is the crucial factor for innovations and is seen as one of the most significant sorts of capital for obtaining sustainable competitive advantage and the importance of it recently grows more than ever before.
- ❖ The increasing demand to foster creativity to enhance value creation has become a global issue. The creative thinking is central to innovation leading to value creation.
- ❖ The importance to know the value creation process, including the models of value creation to learn the structured ways of the development of business strategies to make the most of the value generated ideas.
- ❖ The value of partnership must be taken into consideration when there is a need to judge the ideas in terms of what value they bring from the insights of corporate and customers.

List of topics

(as in syllabus/ theoretical part)

- ❖ Critical thinking in business
- ❖ Creative thinking in Business
- ❖ Design thinking
- ❖ Partners for value creation
- ❖ Basic trends for value creation
- ❖ Main activities for value creation:

Value Creation Wheel model; Value Creation Loop model.



Learning points

(as in syllabus/ theoretical part)

- ❖ Use critical and creative thinking in smart entrepreneurship;
- ❖ Model/ formulate value creation of an innovative business idea;
- ❖ Select the main activities of value creation to implement a smart & sustainable business idea.



Main activities / structure of the session

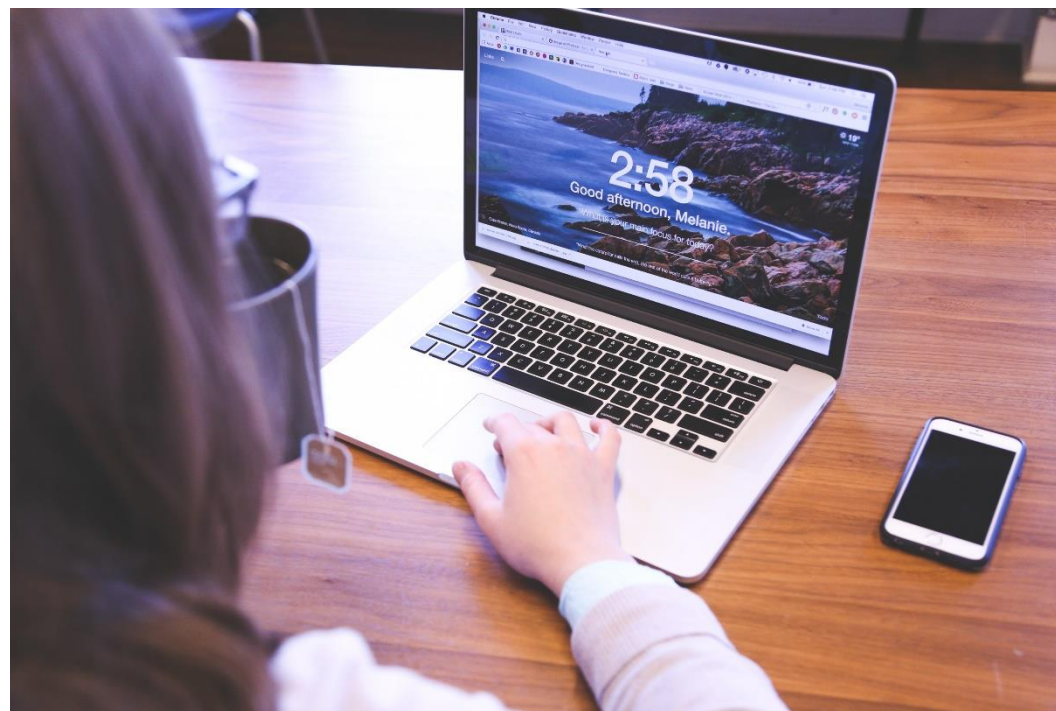
(theoretical, practical,...)

- ❖ Presentation of the theoretical part, reflecting the main aspects of theory on skills and models of value creation - 20 min.
- ❖ Answers to questions-10 min.
- ❖ Activity 1: My business vision: critical investigation- 30 min.
- ❖ Activity 2: Team Project „Listing creative ideas“- 60 min. at workshop, continued by work at home.

What are you expected to produce

(list of concrete outputs)

- ❖ Make a list of arguments verified of your business vision to be clear from fears and assumptions.
- ❖ Make a concrete model of value creation of a sustainable business idea.
- ❖ Make a selection of main activities of value creation to implement a business idea.



Overview on the theoretical part

The characteristics of ideal critical thinker

Behavior classifications of critical thinking

Critical thinking is the ability

- to identify relevant facts,
- to identify and analyze options,
- and to reach an appropriate final decision.



<https://scholarworks.iu.edu/dspace/bitstream/handle/2022/26470/jeb-subir-critical.pdf?sequence=1>

Critical thinking

Require
intellect,
knowledge,
time and
practice

Examines
assumptions,
identifies
hidden values,
evaluates
evidence, and
assesses
conclusions

Includes the
ability to
investigate a
problem,
question, or
situation and
integrates all
available
information to
reach a
decision or test
a hypothesis

Is about the
feeling of freedom
to think for oneself,
conscious
independent.
Purely individual,
non-transferable.

Is based on
reasonable
arguments.
Good
arguments
admit that
there may be
counter-argum
ents,
different-angle
views.

Is thinking in
society. Ideas
are verified
and refined as
we share them
with others.

Note: Gaining information is the starting point, not the goal of critical thinking. **The ability to use the information and experience** gained is critical. Critical thinking begins with questions and problems to be solved. It is about curiosity, the ability to see, perceive and actively solve problems.

Koukolík, 2013

<https://czasopisma.ignatianum.edu.pl/pk/article/view/1794/1794>

Creative thinking

Creative thinking is central to innovation leading to **value creation**.

Creative thinking aids the implementing of a new knowledge that supports learning practices.

There are many definitions of creativity, but in business it **refers to finding insights into problems**.

Any person seeking to further the interests of their organization needs to be able to think creatively.

Sulaiman, Ibrahim & Hashim, Che & Sariah, Sharifah & Hassan, Syed & Burhan, Mohd.
Procter, T.

Design Thinking

- **Design thinking** is a systematic process of **creative innovation**. It has been using to solve problems and create innovations through products and services, consists of 3 main components:
 - 1) *understanding the problem* - this process requires time to understand the problem deeply, which plays a large role in determining the direction to solve the problem.
 - 2) *thinking outside the box* - to generate ideas and evaluate the possibility,
 - 3) *learning through experiments* by creating prototypes to communicate and generate clear concepts.

<http://www.ijtef.org/vol12/689-L1013.pdf>

Design Thinking

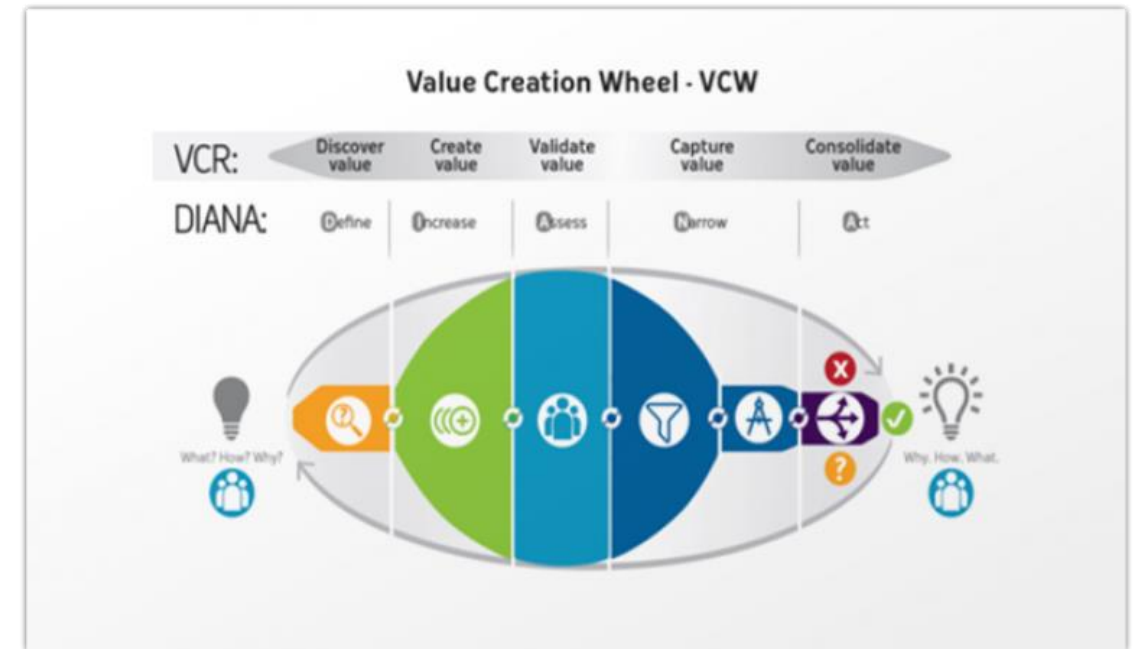
Note: The design thinking process must be acted repeatedly until achieving the best innovation before putting it into use.

<http://www.ijtef.org/vol12/689-L1013.pdf>

Value Creation Wheel

The **Value Creation Wheel (VCW)** helps to identify, analyze, and solve problems by providing a step-by-step dynamic process for creating value for society and all the stakeholders involved in the value chain (e.g., customers, employees, suppliers, distributors, investors, and shareholders).

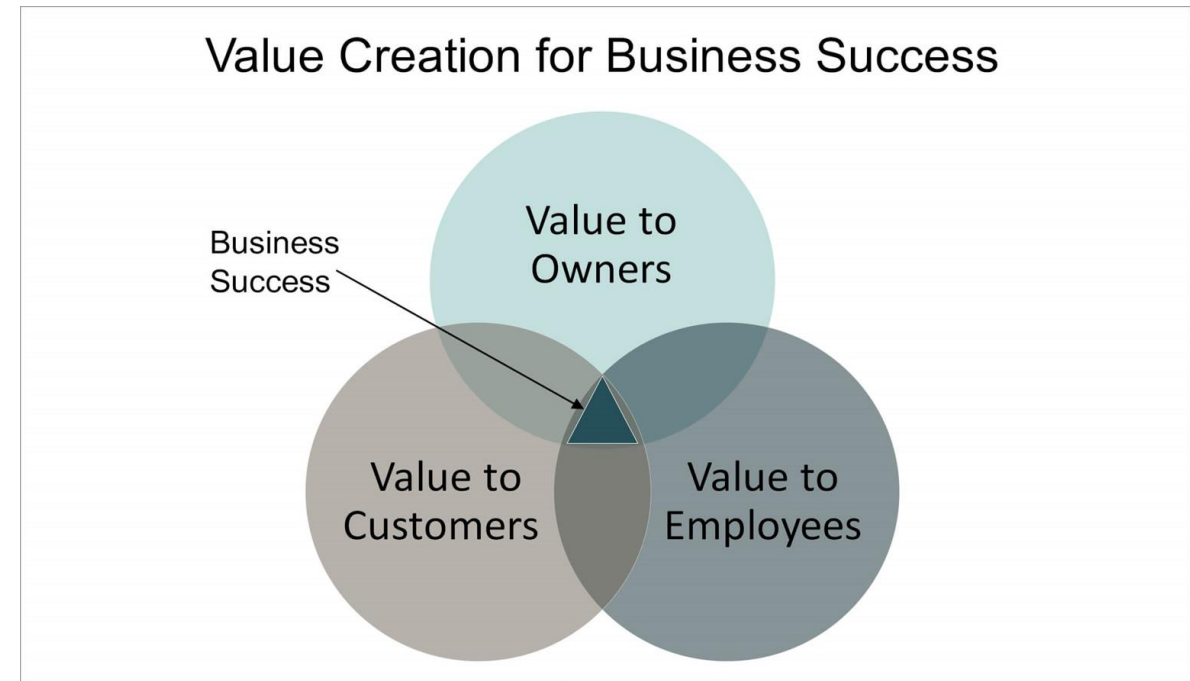
VCW presents a dynamic approach that helps to generate and select ideas, move from an abstract challenge to a focused value proposition with a clear unique selling point (USP), and generate customized business models.



Lages, Luis Filipe (2016)

Partnership in Value Creation

- A critical action is to incorporate internal and external stakeholders' feedback regarding solutions, filters, key decisions, business viability, product feasibility, customer desirability, and environmental forces.
- People contributing to the Value Creation Wheel should range from the lead-users to the laggards.



(Jahanmir & Lages, 2015; Jahanmir & Lages, 2016).

<https://cfoperspective.com/how-does-value-creation-lead-to-business-success/>

Phases of Value Creation Wheel

Phase	Actions
Discover Value (Define/Tap)	Key Decision Makers present a diagnostic and the challenge/problem.
Create Value (Increase/Induce)	Stakeholders generate numerous ideas and criteria/filters to solve the challenge.
Validate Value (Assess/Analyze)	KDMs select ideas, select and rank the criteria/filters to solve the challenge.
Capture Value (Narrow/Ground)	The selected ideas go through a funnel of ranked filters until finding the final solution(s), which will then be conceptualized and/or prototyped.
Consolidate Value (Act/Operate)	KDMs validate the 3Ms (Manpower, Minute & Money)& business model, the implementation of the final solution(s), assess achieved performance, monitor the execution, and develop a sustainability plan.

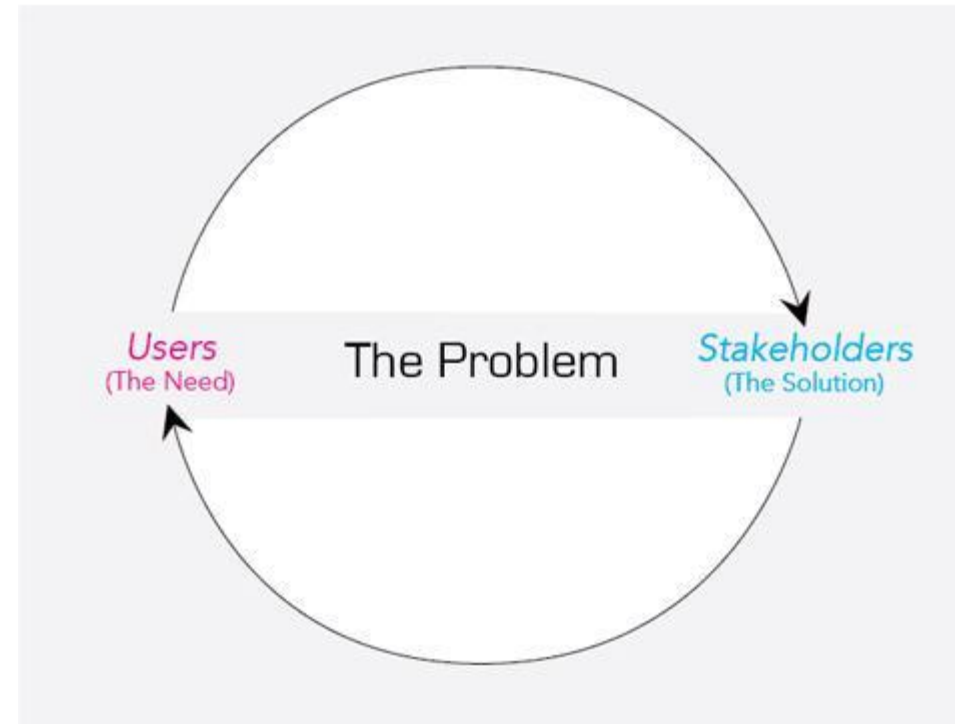
Note: Different stakeholders might be involved on every phase of the activities.

<https://run.unl.pt/bitstream/10362/82745/1/WP600.pdf>

The Value Creation Loop

The **Value Creation Loop** (VCL) helps to identify, analyze, and solve problems by providing a step-by-step dynamic process for creating value for society and all the stakeholders involved in the value chain (e.g., customers, employees, suppliers, distributors, investors, and shareholders).

Value Loop Model



[Lages, Luis Filipe \(2016\), "VCW-Value Creation Wheel: Innovation, technology, business, and society", *Journal of Business Research*, 69\(11\)](#)

Value Creation Categories from Corporate Foresight Activities

Authors propose five value-creation categories from corporate activities:

- survival of the firm that is faced by disruptive change,
- firm growth,
- generation of additional revenue,
- a competitive and sustained advantage,
- increased profit.

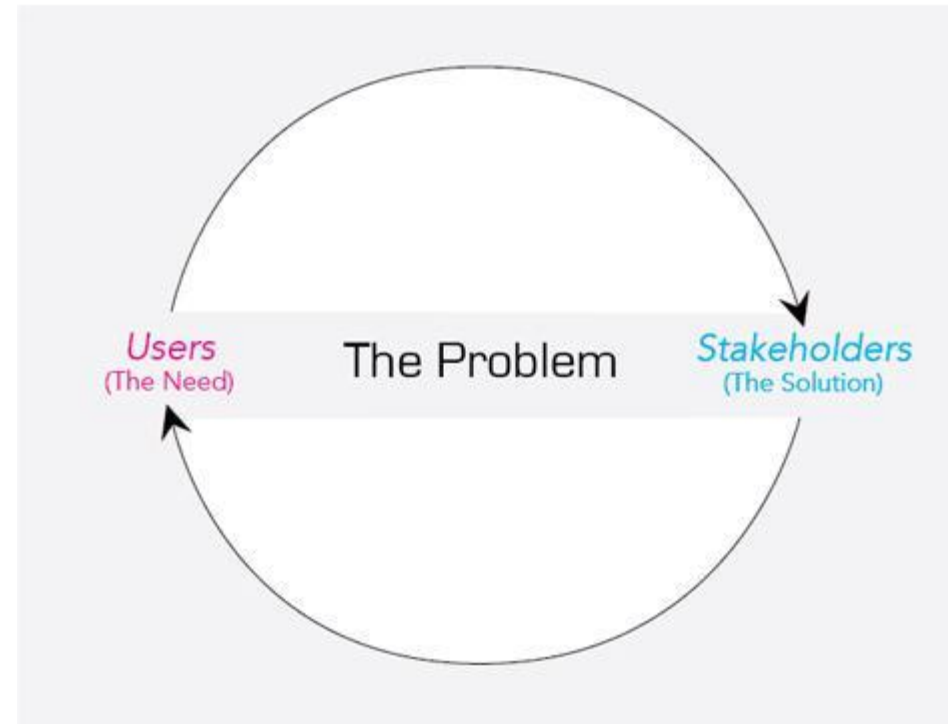
[Rohrbeck, R.](#)

The Value Creation Loop from User Experience Foresight

A **value loop** is a simple illustration that outlines:

- the problem you're addressing;
- what value a solution would provide to users;
- and what reciprocal value the marketplace would return to the organization that builds the solution.

Value Loop Model

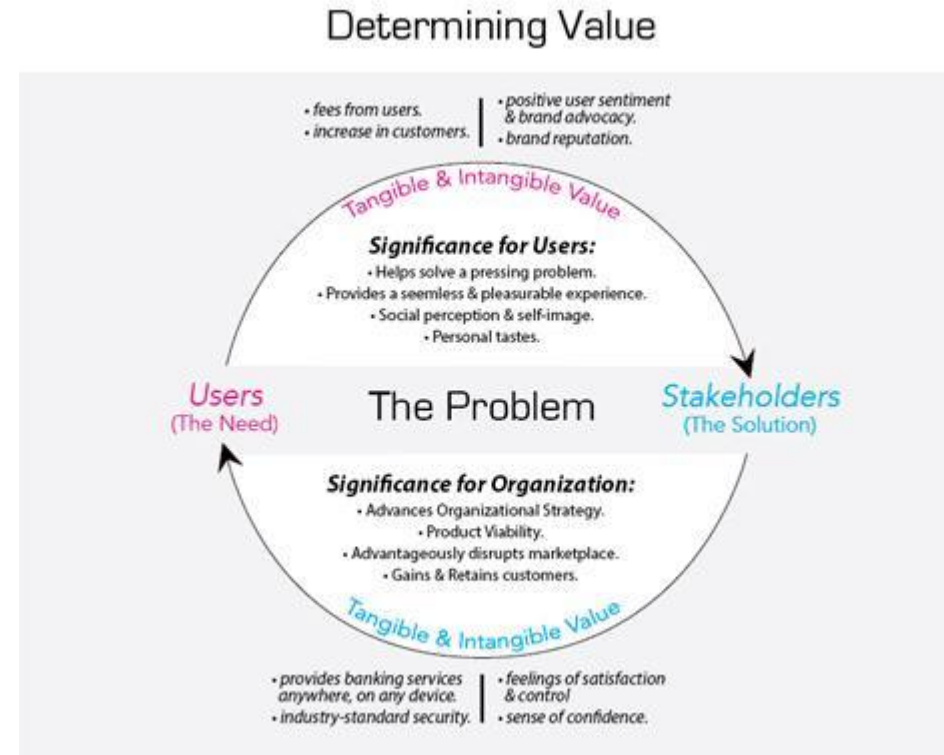


Service, D., 2016

The Value Creation Loop from User Experience Foresight

The power of the user experience design process is in identifying a significant problem that exists for users and determining the significance of solving that problem to your organization's stakeholders, then working out the value that flows from the organization to users and back again.

Service, D., 2016

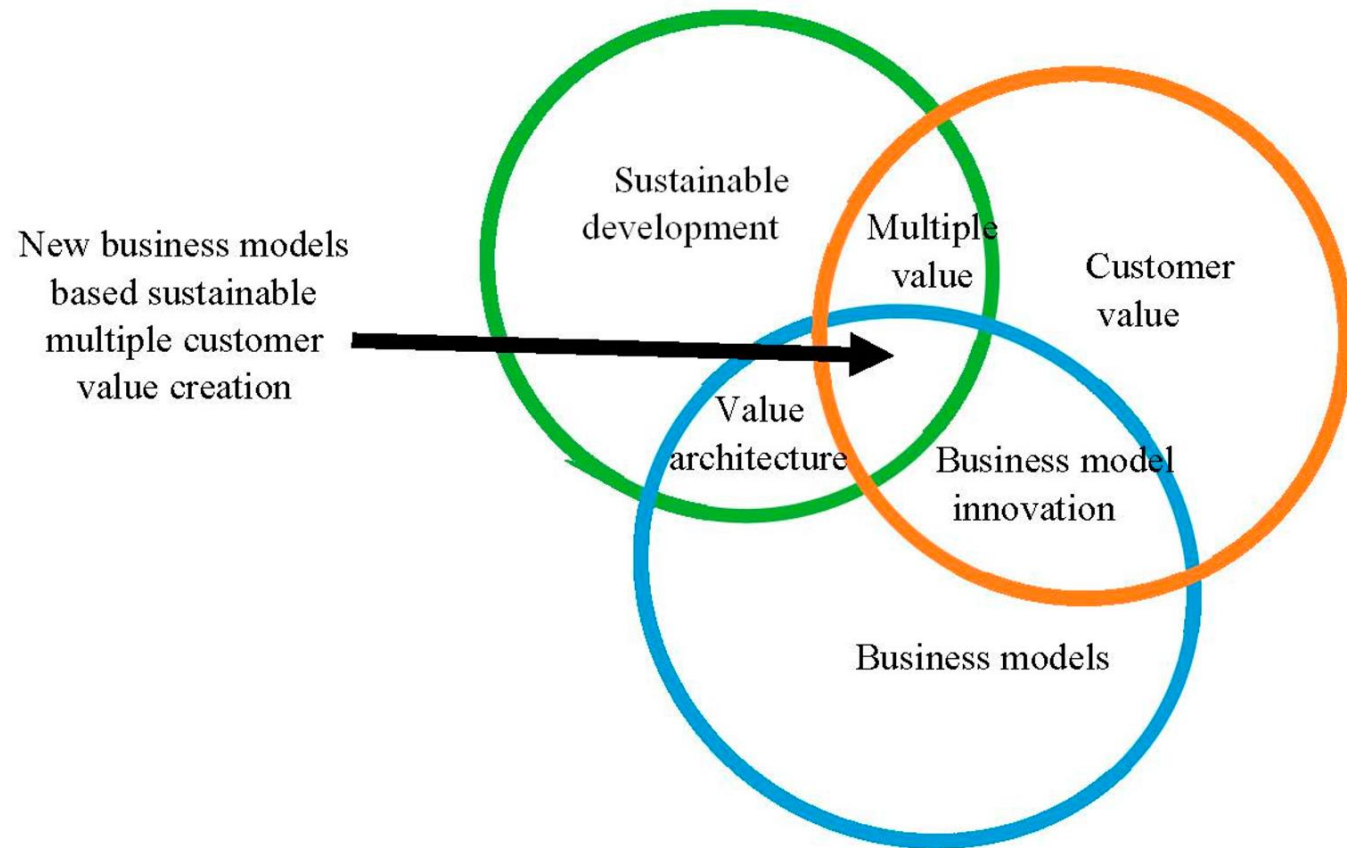


Determination of value depends upon:

- Significance;
- Value to users;
- Value to an organization's stakeholders.

The formation of a value network

New business models focusing on the sustainable creation of multiple value for the customer from a broader perspective.



<https://www.mdpi.com/2071-1050/12/9/3932>

Value Creation: the recommendations

Some general recommendations on how to increase the impact of corporate value creation:

- Design the foresight activity based on committed individuals, putting particular emphasis on using mutually valuable exchange relationships such as in the scouting network where all parties profit from the activity;
- Ensure a high level of communication and participation such as in the case of the consumer-scouting activity;
- Use methods that allow for modeling and interpreting of the system of influencing factors (such as the scenario technique), rather than rely on methods that build on linear cause-effect relationship;
- Experiment with methods and processes until you have found a practice that works for your company and takes into account the special requirements in your context.

[Rohrbeck, R.](#)

Overview on the practical part

What we will achieve today

- ❖ We will do the investigation of your business vision created in the previous session. Applying critical thinking skills, questioning the possible problems, identifying the arguments and verifying them by authorities.
- ❖ We will practice to use Value Creation Wheel process to make a model of the value of your own business idea.
- ❖ We will consider the value of partnership to obtain a sustainable competitive advantage in the business.
- ❖ We will make a scheme of the key activities to be carried out to gain the value of the business.

Activity 1: My business vision: critical investigation

- ❖ The assignment is given to apply critical thinking skills. The aim is to have more grounded business vision by investigating the possible self-critics questions.
- ❖ The task require from the participant an individual self investigation work continued by the verification actions from others.
- ❖ The output of this activity is a series of argumentations to be confirmed or denied.
- ❖ Conclusions of the investigation are expected the end of the activity.

Activity 2: Team project „Listing creative ideas“

- ❖ The team project is given as an assignment to practice Value Creation Wheel process model to clarify the business vision.
- ❖ The formulation of the concrete values of the selected business idea will be requested.
- ❖ The value of the various partnerships are to be determined to obtain a sustainable competitive advantage in the business.
- ❖ At the end of the project work, the key activities to be carried out to gain the value of the business will be selected.

Activity 2:

- **Discover Value (Define/Tap):** Key Decision Makers present a diagnostic and the challenge/problem. They define the 3Ms available for the VCW project (Manpower, Minute & Money), and establish the Key Performance Indicators (baseline KPIs & desired KPIs);
- **2-Create Value (Increase/Induce):** Stakeholders generate numerous ideas and criteria/filters to solve the challenge; KDMs might also generate ideas/filters. They should not influence the opinions of the different stakeholders. In this phase, there are no good/bad ideas and criteria/filters.
- **3-Validate Value (Assess/Analyze):** KDMs select ideas, select and rank the criteria/filters to solve the challenge; Different stakeholders might be invited for the discussion.
- **4-Capture Value (Narrow/Ground):** The selected ideas go through a funnel of ranked filters (or MCDA) until finding the final solution(s), which will then be conceptualized and/or prototyped; KDMs and/or different stakeholders might be involved on the discussion.
- **5-Consolidate Value (Act/Operate):** KDMs validate the 3Ms & business model, the implementation of the final solution(s), assess achieved KPIs, monitor the execution, and develop a sustainability plan. Different stakeholders might be involved on the discussion.

Add Title

- Ayad, A. Critical thinking and business process. Journal of Management Development, 2010. <https://www.emerald.com/insight/content/doi/10.1108/02621711011046521/full/html>).
- Bandyopadhyay, S., Szostek, J. Thinking critically about critical thinking: Assessing critical thinking of business students using multiple measures. - Journal of Education of Business. <https://scholarworks.iu.edu/dspace/bitstream/handle/2022/26470/jeb-subir-critical.pdf?sequence=1>
- Lages, Luis Filipe (2016), "VCW-Value Creation Wheel: Innovation, technology, business, and society", Journal of Business Research, 69(11).
- Proctor, T. Absolute Essentials of Creative Thinking and Problems Solving. Routledge, 2021. https://www.researchgate.net/profile/Tony-Proctor/publication/350108630_Absolute_Essentials_of_Creative_Thinking_and_Problem_Solving/links/60b8ac74458515218f862da1/Absolute-Essentials-of-Creative-Thinking-and-Problem-Solving.pdf
- Rohrbeck, R. Exploring in Value Creation from Corporate Foresight Activities. https://www.researchgate.net/profile/Rene-Rohrbeck/publication/224953517_Exploring_the_Value_Creation_from_Corporate-Foresight_Activities/links/59e12a250f7e9b97f9be2b715/Exploring-the-Value-Creation-from-Corporate-Foresight-Activities.pdf
- Service, D. Where Do Killer Ideas Come From? Value Loops and UX Design Strategy.- <https://www.uxmatters.com/mt/archives/2016/11/where-do-killer-ideas-come-from-value-loops-and-ux-design-strategy.php>
- Sulaiman, Ibrahim & Hashim, Che & Sariah, Sharifah & Hassan, Syed & Burhan, Mohd. (2015). Innovativeness of Creative Thinking for Value Creation. 2. 1-12. https://www.researchgate.net/publication/344470105_Innovativeness_of_Creative_Thinking_for_Value_Creation/citation/download
- Šimberová, I.; Kita, P. New Business Models Based on Multiple Value Creation for the Customer: A Case Study in the Chemical Industry. *Sustainability* 2020, 12, 3932. <https://doi.org/10.3390/su12093932>